

CROWTHERS CHARTERED ACCOUNTANTS

STANDARD TERMS OF BUSINESS

The following standard terms of business apply to all engagements accepted by Crowthers Accountants Limited. All work carried out is subject to these terms except where changes are expressly agreed in writing.

1. Professional obligations

- 1.1 We will observe the bye-laws, regulations and ethical guidelines of the Institute of Chartered Accountants in England and Wales and accept instructions to act for you on the basis that we will act in accordance with those guidelines which can be found at www.icaew.com/regulations.
- 1.2 Where you give us confidential information we shall at all times keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable to this engagement.
- 1.3 We reserve the right during our engagement with you to deliver services to other clients whose interests might compete with yours or are or may be adverse to yours. We confirm that we will notify you immediately should we become aware of any conflict of interest involving us and affecting you. We have safeguards that can be implemented to protect the interests of different clients if a conflict arises. Where conflicts are identified which cannot be managed in a way that protects your interests then we regret that we will be unable to provide further services.
- 1.4 If a conflict of interest should arise, either between two or more of our clients, or in the provision of multiple services to a single client, we will take such steps as are necessary to deal with the conflict. In resolving the conflict, we would be guided by the Code of Ethics of the Institute of Chartered Accountants in England and Wales which can be viewed at www.icaew.com/regulations.

2 Investment services

- 2.1 Although we are not authorised by the Financial Conduct Authority (FCA) to conduct investment business, we are licensed by The Institute of Chartered Accountants in England and Wales to provide certain limited investment services where these are complementary to, or arise out of, the professional services we are providing to you.
- 2.2 In particular, we may:
 - advise you on investments generally, but not recommend a particular investment or type of investment;
 - refer you to a Permitted Third Party (PTP) (an independent firm authorised by the FCA), assist you and the PTP during the course of any advice given by that party and comment on, or explain, the advice received (but not make alternative recommendations). The PTP will issue you with his own terms and conditions letter, will be remunerated separately for his services and will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000;
 - advise you in connection with the disposal of an investment, other than your rights in a pension policy or scheme;
 - advise and assist you in transactions concerning shares or other securities not quoted on a recognised exchange;

- assist you in making arrangements for transactions in investments in certain circumstances; and
- manage investments or act as trustee (or done of a power of attorney) where decisions to invest are taken on the advice of an authorised person.

2.2.1 For directors and corporate clients only, we may also, on the understanding that the shares or other securities of the company are not publicly traded:

- advise the company, existing or prospective shareholders in relation to exercising rights, taking benefits or share options, valuations and methods of such valuations;
- arrange any agreements in connection with the issue, sale or transfer of the company's shares or other securities;
- arrange for the issue of new shares; and
- act as the addressee to receive confirmation of acceptance of offer documents etc.

2.3 We are not authorised by the Financial Conduct Authority. However, we are included on the Register maintained by the Financial Conduct Authority so that we can carry on insurance mediation activity, which is broadly the advising on, selling, and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by The Institute of Chartered Accountants in England and Wales. The register can be accessed via the Financial Conduct Authority website at www.fca.gov.uk/register.

2.4 In the unlikely event that we cannot meet our liabilities to you, you may be able to claim compensation under the Chartered Accountants' Compensation Scheme in respect of exempt regulated activities undertaken.

3. Commissions or other benefits

3.1 In some circumstances we may receive commissions or other benefits for introductions to other professionals. For introductions to someone who is authorised by the Financial Conduct Authority, a permitted third party (PTP), we might receive an introductory fee. We will inform you when any introductory fee is received and obtain your consent to our retaining any of these fees.

3.2 Any commissions that derive from exempt regulated activities must be dealt with in accordance with DPB requirements and full disclosure will be made for each transaction.

4 Client monies

4.1 We may, from time to time, hold money on your behalf. Such money will be held in trust in a client bank account, which is segregated from the firm's funds. The account will be operated, and all funds dealt with, in accordance with the Clients' Money Regulations of The Institute of Chartered Accountants in England and Wales.

4.2 In order to avoid an excessive amount of administration, interest will only be paid to you where the amount of interest that would be earned on the balances held on your behalf in any calendar year exceeds £25. Any such interest would be calculated using the prevailing rate applied by Barclays Bank plc for small deposits subject to the minimum period of notice for withdrawals. Subject to any tax legislation, interest will be paid gross.

- 4.3 If the total sum of money held on your behalf exceeds £10,000 for a period of more than 30 days, or such sum is likely to be held for more than 30 days, then the money will be placed in a separate interest-bearing client bank account designated to you. All interest earned on such money will be paid to you. Subject to any tax legislation, interest will be paid gross.

5 Fees and Interest on Late Payment

- 5.1 Our fees are computed on the basis of time spent on your affairs by the principal and staff and on the level of skill and responsibility involved. Our fees include outlays and VAT and payment terms of amounts invoiced are strictly 14 days net.
- 5.2 If it is necessary to carry out work outside the responsibilities outlined in this letter it will involve additional fees.
- 5.3 It is our normal practice wherever possible to quote fixed fees in advance of the work required for recurring services. Payment of accepted fixed fee quotations, are always made by way of monthly, quarterly or annual direct debit. These fixed fee arrangements will be reviewed annually in writing and invoices will be provided on receipt of the direct debit payments.
- 5.4 We reserve the right to charge interest and recovery costs on overdue accounts at the current rate under the Late Payment of Commercial Debts (Interest) Act 1998. We also reserve the right to terminate our engagement and cease acting if payment of any fees billed remain unpaid for more than 30 days without approval.
- 5.5 In the event that we cease to act for you then you agree to meet all reasonable costs of providing information to your new advisers. In particular you agree to meet these costs where we are required by law to provide information to a successor firm.
- 5.6 As directors you guarantee to pay personally any fees (including disbursements) for services provided to the company that the company is unable to pay. This clause shall become effective in the event of a receiver or liquidator being appointed to the company or the company otherwise being wound-up.

6 Retention of and access to records

- 6.1 During the course of our work we will collect information from you and others acting on your behalf and will return any original documents to you following the preparation of your financial statements and returns. You should retain these records for at least seven years from the end of the accounting year to which they relate.
- 6.2 Whilst certain documents may legally belong to you, we intend to destroy correspondence and other papers that we store which are more than seven years old, other than documents which we consider to be of continuing significance. If you require retention of any document you must notify us of that fact in writing.

7 Quality control

- 7.1 As part of our ongoing commitment to providing a quality service, our files are periodically subject to an independent regulatory or quality review. Our reviewers are highly experienced and professional people and are, of course, bound by the same requirements of confidentiality as our principals and staff.
- 7.2 We may, on occasions, subcontract work on your affairs to other tax or accounting professionals. The subcontractors will be bound by our client confidentiality terms.

8 Help us to give you the right service

- 8.1 If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know, by telephoning Jonathan Crowther.
- 8.2 We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. If you feel that we have given you a less than satisfactory service, we undertake to do everything reasonable to address your concerns. If you are still not satisfied, you may of course take up matters with The Institute of Chartered Accountants in England and Wales.
- 8.3 In order for us to provide you with a high quality service on an ongoing basis it is essential that you provide us with relevant records and information when requested, reply to correspondence in a timely manner and otherwise follow the terms of the agreement between us set out in this Standard Terms of Business and associated Engagement letters. We therefore reserve the right to cancel the engagement between us with immediate effect in the event of:
- your insolvency, bankruptcy or other arrangement being reached with creditors;
 - failure to pay our fees by the due dates;
 - either party being in breach of their obligations where this is not corrected within 30 days of being asked to do so.
- 8.4 In addition this agreement may be terminated for any reason if 90 days notice is given.

9 Applicable law

- 9.1 This engagement letter is governed by, and construed in accordance with, English law. The Courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.
- 9.2 If any provision in this Standard Terms of Business or any associated engagement letter, or its application, are found to be invalid, illegal or otherwise unenforceable in any respect, the validity, legality or enforceability of any other provisions shall not in any way be affected or impaired.

10 Internet communication

- 10.1 Unless you tell us otherwise we will at times use email or other electronic means to communicate with you.
- 10.2 Internet communications are capable of data corruption and therefore we do not accept any responsibility for changes made to such communications after their despatch. It may therefore be inappropriate to rely on advice contained in an e-mail without obtaining written confirmation of it. We do not accept responsibility for any errors or problems that may arise through the use of internet communication and all risks connected with sending commercially sensitive information relating to your business are borne by you. If you do not agree to accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.
- 10.3 It is the responsibility of the recipient to carry out a virus check on any attachments received.

11 Data Protection Act 1998

- 11.1 We may obtain, use, process and disclose personal data about you in order that we may discharge the services agreed under this engagement letter, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance. You have a right of access, under data protection legislation, to the personal data that we hold about you. We confirm that when processing data on your behalf we will comply with the provisions of the Data Protection Act 1998. For the purposes of the Data Protection Act 1998, the Data Controller in relation to personal data supplied about you is Mrs Alison Crowther.

12 Contracts (Rights of Third Parties) Act 1999

- 12.1 Persons who are not party to this agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This clause does not affect any right or remedy of any person which exists or is available otherwise than pursuant to that Act.
- 12.2 The advice that we give to you is for your sole use and is confidential to you and does not constitute advice to any third party to whom you may communicate it. We accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

13 The Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007

- 13.1 In common with all accountancy and legal practices the firm is required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 to:
- maintain identification procedures for clients and beneficial owners of clients;
 - maintain records of identification evidence and the work undertaken for the client; and
 - report, in accordance with the relevant legislation and regulations.
- 13.2 We have a duty under section 330 of the Proceeds of Crime Act 2002 to report to the National Crime Agency (NCA) if we know, or have reasonable cause to suspect, that another person is involved in money laundering. Failure on our part to make a report where we have knowledge or reasonable grounds for suspicion would constitute a criminal offence.
- 13.3 The offence of money laundering is defined by section 340(11) of the Proceeds of Crime Act and includes concealing, converting, using or possessing the benefits of any activity that constitutes a criminal offence in the UK. It also includes involvement in any arrangement that facilitates the acquisition, retention, use or control of such a benefit.

This definition is very wide and would include such crimes as:

- deliberate tax evasion;
- deliberate failure to inform the tax authorities of known underpayments or excessive repayments;
- fraudulent claiming of benefits or grants; or
- obtaining a contract through bribery.

Clearly this list is by no means exhaustive.

- 13.4 We are obliged by law to report any instances of money laundering to NCA without your knowledge or consent. In consequence, neither the firms' principals nor staff may enter into any correspondence or discussions with you regarding such matters.
- 13.5 We are not required to undertake work for the sole purpose of identifying suspicions of money laundering. We shall fulfil our obligations under the Proceeds of Crime Act 2002 in accordance with the guidance published by the Consultative Committee of Accountancy Bodies.
- 13.6 We may use electronic checks as part of our identification procedures. We confirm that these electronic checks are not credit checks.

14 Limitation of liability

- 14.1 We will provide our professional services with reasonable care and skill. However, we will not be held responsible for any losses arising from the supply by you or others of incorrect or incomplete information, or your or others' failure to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or other relevant authorities.
- 14.2 Our liability to you in respect of the professional services described within our Engagement Letters (the professional services) is limited. Only to the extent permitted by Law, our total liability to you for losses resulting from a failure in our professional work (our breach of contract or our negligence) in respect of any one event, or series of connected events, shall be limited to Damages and such Damages shall not exceed twenty times the fees payable by you for our professional services for that year and this represents an agreed fair maximum limit to our liability.
- 14.3 You will not hold us, the owners of this firm and any staff employed by the firm, responsible, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing in connection with this agreement. You have agreed that you will not bring any claim in connection with services we provide to you against any of the principals or employees personally.
- 14.4 Our work is not, unless there is a legal or regulatory requirement, to be made available to third parties without our written permission and we will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

15 Confidentiality

- 15.1 Communication between us is confidential and we shall take all reasonable steps to keep your information confidential except where we are required to disclose it by law, by regulatory bodies, by our insurers or as part of an external peer review. Any subcontractors we use will be bound by the same confidentiality requirements.

16 Use of our name in statements or documents issued by you

- 16.1 You are not permitted to use our name in any statement or document that you may issue unless our prior written consent has been obtained. The only exception to this restriction would be statements or documents that in accordance with applicable law are to be made public.

17 Advice

- 17.1 Advice we give you orally should not be relied upon unless we confirm it in writing. We endeavour to record all advice on important matters in writing. However if you particularly wish to rely upon oral advice we give you during a telephone conversation or a meeting, you must ask for the advice to be confirmed in writing.
- 17.2 Unless specifically instructed and agreed in advance we will not assist with the implementation of our advice.

18 Intellectual property rights

- 18.1 The copyright in any document prepared by us belongs to us in entirety unless the law specifically provides otherwise.

19 Interpretation

- 19.1 If there is a conflict between the engagement letter and these terms of business then the engagement letter takes precedence.
- 19.2 If any provision of this engagement letter or terms of business or its application is held to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of any other provision and its application shall not in any way be affected or impaired.

20 Excluded Services

If you request us to assist with any of the excluded services the following sections are applicable:

Payments under deduction of tax

We will complete, using information provided by you, return form CT61 regarding payments made to and by the company under deduction of tax. We will send the form CT61 to you for approval and signature and submission by you to HM Revenue & Customs. We will advise you of the amounts of income tax that are due, and the due date for payment and submission of the form. You must inform us immediately if the company pays or receives any interest or similar amounts under deduction of tax.

Personal service companies (IR35)

We will advise on whether the company is subject to the personal services legislation on a contract by contract basis. You authorise us to seek an opinion from HM Revenue & Customs where we consider it appropriate. If there are contracts that we consider are within the personal services legislation we will calculate the deemed salary, prepare the corporation tax computations using the prescribed method, prepare and submit the supplementary P35 and P14 and advise you how much tax and national insurance to pay and by when and whether to pay any actual salary before the year end and if so how much.

Managed service companies

We will advise on whether the company is subject to the managed service company legislation. You authorise us to seek an opinion from HM Revenue & Customs where we consider it appropriate. If we deem the legislation to apply we will prepare the corporation tax computations using the prescribed method, prepare and submit the necessary payroll documentation and advise you how much tax and national insurance to pay and by when.

As a firm of accountants, we are not a managed service company provider and are not involved with the company under the terms of the legislation. We will not be made responsible for any unrecovered PAYE debt from the company.

Payroll and year end returns

We will prepare your payroll for each payroll period to meet UK employment tax requirements. This will include the following:

- Calculating the PAYE tax deductions.
- Calculating the employees' NIC deductions.
- Calculating the employer's NIC liabilities.
- Calculating any statutory payments, including statutory sick and maternity pay.
- Calculating other statutory and non-statutory deductions.

For each payroll period we will send you the following documents in time for you to be able to make payment:

- A payroll summary report showing for each employee the gross pay, any additions, any deductions and the net pay.
- A payslip for each employee (unless you tell us this is not required).
- A P45 for each leaver.
- A report showing your PAYE and NIC liability and the date it is due for payment.

For each payroll period we will also send you details of any other information that will be submitted online to HM Revenue & Customs on or before the time you make payments to your employees.

We will use the information described in paragraphs 1.3 and 1.4 above to make the necessary "Full Payment Submission" reports to HM Revenue & Customs. Unless we hear from you in line with paragraph 1.17 below we will assume the information is approved by you and submit it accordingly.

We will prepare and submit monthly "Employer Payment Summary" reports to HM Revenue & Customs where needed. This will apply where the payment you are due to make to HM Revenue & Customs differs to the amounts shown on the Full Payment Submissions.

We will deduct the Employment Allowance from the payroll if you are eligible to claim this. Where you have more than one payroll in operation we will agree with you which payroll will be used to make the claim. You will be responsible for confirming eligibility to make the claim.

We will deal with and, where necessary, process any adjustments to your payroll communicated to us by HM Revenue & Customs (this may be, for example, updated tax codes and identified National Insurance numbers).

We will make the necessary declarations and indications in your final payroll report for the tax year and will liaise with you where any of the information is unknown to us.

Following the end of the payroll year, we will send you a Form P60 for each applicable employee.

We will also provide such other payroll ad hoc and advisory services as may be agreed from time to time. This may include filing an "Earlier Year Update" as referred to in paragraph 1.16. These services may be the subject of a separate engagement letter. We will discuss and agree our fee for such work when it is commissioned by you.

Where specialist advice is required on occasions we may need to seek this from or refer you to appropriate specialists.

Since 17 July 2013 a General Anti-Abuse Rule has been in operation in the UK. This rule enables HM Revenue & Customs to further tackle abusive tax planning schemes. Due to the low probability of eventual success of such schemes and the high ethical standards of this firm, it is our policy not to advise on tax schemes that we consider to be artificial or aggressive in nature. Please let us know if you would like to discuss this matter further or if you feel that you are disadvantaged in any way by the firm's policy on tax avoidance.

Forms P11D (expenses and benefits)

We will check or complete forms P11D for higher-paid employees for approval and submission by you to HM Revenue & Customs. You will then supply the form P11D information to your employees by the due date.

There are penalties for the late submission of and incorrect information on form P11D. You agree to supply us with complete and accurate details of all benefits and reimbursed expenses paid to or on behalf of higher paid employees for the tax year (not the accounts year) within 20 days of the end of that year.

Subcontractors

We will operate the sub-contractors' tax deduction scheme for any sub-contractors you use. In order for us to do this, we need to comply with the Employer's Guide to PAYE and we will discuss with you the information that is required and the form in which it is to be provided.

You confirm that all subcontractors are reviewed each month to ensure they are not employees in order that returns can be submitted to HM Revenue & Customs.

We can offer you advice concerning the status of employees or sub-contractors if requested.

VAT returns

We cannot be held responsible for any penalties or default surcharges arising from the late submission of VAT returns. However, we will endeavour to meet the relevant deadlines if we receive all the company's VAT records within 14 days of the end of the VAT return period. We will not audit or otherwise check the underlying records.

When the VAT return has been completed from the information supplied we will send you the return form within 7 days of your making the records available to us for you to review. If you agree the return you should sign and submit it to HMRC together with the required payment. If you consider the return to be incorrect please consult us immediately.

You have undertaken that you or your staff will ensure that:

- all relevant VAT records are forwarded to us within 14 days of the end of the VAT return period;
- valid VAT invoices are received for all payments where VAT is being reclaimed;

- the VAT rating of supplies is correctly dealt with, i.e., between positive and zero rates and exempt supplies;
- we are notified in writing of any positive-rated own consumption;
- any input VAT on non-business expenditure is clearly marked on supporting invoices;
- we are notified each quarter of any payments to or for the benefit of you or staff for fuel used for private mileage, together with the business mileage for each such person, for each quarter;
- all supplies made by the business are shown in the records made available to us.

Further, as the returns are prepared solely on the basis of information provided by you, we can accept no responsibility for any VAT liability arising due to inaccuracies or omissions in your accounting procedures which may lead to a misdeclaration whether or not it is one on which penalties and interest may arise.

Company Secretarial Work

A private company is required to file its accounts at Companies House within 10 months of the year end. The company will be liable to a fine if it fails to do so. In order to avoid this we will produce statutory accounts, suitable for filing, within the required period, provided all your records are complete and presented to us within five months of the year end, and all subsequent queries are promptly and satisfactorily answered.

We have agreed to act as your agent and to:

- submit the accounts to the Registrar of Companies;
- complete and submit the company's annual return;
- complete and submit any other forms required by law to be filed at Companies House, provided that you keep us fully informed of any relevant changes or events which are required to be notified to Companies House, within one week of the change or event; and
- maintain the statutory books.

(Revised : 7 October 2015)